

Small/Minority Business Enterprise/Technology Zone Loan Program Guidelines

**ADMINISTERED BY THE
HAMPTON INDUSTRIAL DEVELOPMENT AUTHORITY
ONE FRANKLIN STREET, SUITE 600
HAMPTON, VIRGINIA 23669
www.hamptonva.biz
(757) 727-6237**

Hampton Business Loan Program Guidelines

I. OVERVIEW

The Hampton Industrial Development Authority (IDA) administers the Enterprise/Technology Zone Loan Program and the Small/Minority Business Loan Program. Each of the loan programs provides capital to finance qualified business ventures located in the City of Hampton. These programs are designed to promote economic growth and assist businesses that may have difficulty securing loans through commercial banks and thrift institutions.

II. ELIGIBLE APPLICANTS

Small/Minority Loan Program - Participation in this program is limited to small or minority-owned businesses.

- A. A small business is defined as one with gross annual sales of \$5,000,000 or less. In order to participate in this program the net worth of the owner(s) cannot exceed \$350,000 individually, nor \$1,000,000 collectively.
- B. A minority owned business is defined as one in which one or more minority individuals control at least 51 percent of the voting stock or ownership, and manage the business' daily operations. Minority groups are defined as:
 - 1. African Americans
 - 2. Hispanic Americans
 - 3. Native Americans
 - 4. Asian-Pacific Americans
 - 5. Asian-Indian Americans
 - 6. Women
 - 7. Any other groups defined as minority by the SBA

Minority-owned businesses qualifying for participation in this loan program will receive priority consideration when funds are limited.

Enterprise/Technology Zone Loan Program – Participation is limited to businesses located in either Hampton's Enterprise Zones and Technology Zones.

- A. An Enterprise Zone business is defined as a business located within the boundaries of either the Hampton Urban or Hampton Roads Center Enterprise Zone.
- B. A Technology Zone business is defined as being within the boundaries of either the Downtown or Hampton Roads Center Technology Zone. In addition the business must be engaged in the activities of research, development, or manufacture of commodities used in factory automation, biotechnology, chemicals, computer hard-ware, defense, energy, environmental, manufacturing equipment, advanced materials, medical, pharmaceuticals, photonics, computer software, sub-assemblies and components, test and measurement, telecommunications, and transportation.

III. REQUIRED BORROWER INFORMATION

- All candidates must complete an application form and include a copy of their Hampton business license.
- For those businesses in operation for less than two years the IDA requires a copy of the business plan, two years tax returns, a cash flow analysis, and an itemized summary of how the loan proceeds are to be spent. It is recommended that an applicant's business plan should have been reviewed by one of the organizations listed below.
 - Service Corps of Retired Executives (SCORE) 766-2000
 - Hampton University Small Business Incubator 722-9283
 - Virginia Small Business Development Center 865-3128
- Businesses in operation two or more years are required to attach a description of the business' organizational structure and products and/or services offered, two years business tax returns, a cash flow analysis, and an itemized summary of how the proceeds are to be spent.
- A copy of the applicant's resume, which details their work experience.

IV. ELIGIBLE USES OF LOAN PROCEEDS

Loan proceeds must be used for one or more of the following:

- A. Costs associated with acquisition, construction, expansion, or the rehabilitation of a commercial or industrial facility.
- B. Machinery and other equipment, and the associated installation costs.
- C. Working capital to finance inventory, accounts receivable, mobilization, wages, seasonal business fluctuation, and the like. Loan requests for working capital will be viewed on a case-by-case basis and will generally be subject to higher underwriting standards than a loan request to fund items in A or B above.

V. LOAN REQUIREMENTS

The Hampton Industrial Development Authority requires the borrower to provide appropriate assurances with regards to the applicants' eligibility and that loan proceeds will be expended as proposed by the applicant. Therefore, the following conditions must be met at the time of application:

- A. The minimum loan amount is \$5,000 and generally should not exceed \$100,000.
- B. Loans will not be granted to applicants operating business from their places of residence.
- C. The applicant must be a Hampton business and have a current or pending lease or a sales contract for an eligible site in Hampton.
- D. The applicant must present a valid business license from the City of Hampton at the time of application.
- E. The applicant will be required to secure and have sufficient cash flow and/or collateral to guarantee the loan request. Personal and/or business assets, residence, vehicles, securities, Enterprise Zone Job Grants, cash value of life insurance and the like can be used to secure the loan.

- F. In addition, to the cash flow and collateral as stated above, the applicant should have an equity ratio of 25% or more in the proposed project.
- G. If necessary, to meet credit requirements, the IDA at its discretion, may require guarantees or endorsements by additional parties as well.

VI. LOAN RATE AND TERMS

The interest rate charged by the Hampton IDA for the loan programs will be fixed for the duration of the loan and will be based on the New York prime rate in effect when the loan is approved. At the discretion of the Hampton IDA, the interest rate may vary to reflect the risk and the economic or community benefits of the specific project.

In no case shall a term loan be made for a period longer than five years; scheduled amortization shall not exceed ten years.

VII. SUBMISSION REQUIREMENTS

The application is available on the internet at www.hampton-development.com. All loan applications must be filled out in their entirety and submitted to the Hampton Department of Development on or before the fifteenth (15th) day of each month. If this day falls on a weekend or holiday the application is due the next business day in order to be presented to the Industrial Development Authority during its regularly scheduled Loan Review Committee meeting.

An **original and five complete copies** of the application and any supporting documentation must be submitted to:

City of Hampton
Department of Development
One Franklin Street, Suite 600
Hampton, VA 23669

The application must be accompanied with a check in the amount of **\$15** made payable to the Hampton Industrial Development Authority.

The IDA reserves the right to deny any loan application and to call any loan in the event that the business ceases to operate in the City of Hampton, or should any condition arise which may adversely affect the borrower's ability to repay the loan.

VIII. FREEDOM OF INFORMATION ACT

Applicants are advised that the Hampton IDA is a public body subject to the provisions of the Virginia Freedom of Information Act 2.1.-340, et. Seq., Code of Virginia, 1950. As a public body your loan application and the supporting papers will be considered official records of the IDA and may be subject to inspection by any citizen of Virginia, including representatives of the news media.